

Events

Lou Mazawey participated in ALI-ABA conference call on 403(b) regs

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On July 23, 2007, the U.S. Treasury Department and Internal Revenue Service released long-awaited final regulations for Section 403(b) plans. For the first time in 43 years, there are comprehensive IRS rules governing these plans, which the Tax Code allows to be set up by public schools, colleges or universities, and charitable entities that are tax-exempt under Section 501(c)(3). Lou Mazawey participated in and ALI-ABA sponsored conference call discussing the new regulations on August 9, 2007.

The new Regulatory package contains highly significant controlled group rules for all tax-exempt organizations for all benefits purposes where a controlled group determination is relevant. Don't overlook this first piece of regulatory guidance on the existence of controlled groups in the tax-exempt world.

Virtually every 403(b) plan will be affected by the new written document requirement and a myriad of other changes and restrictions. Many observers believe the new rules will prompt affected employers to totally restructure their arrangements. In addition, new Department of Labor guidance may cause employers who have not treated their plans as ERISA plans to reexamine their positions.

Topics covered included:

- the newly required plan documents, and what they must contain
- special contribution limits for 403(b) plans
- employees who can be excluded from the option to make voluntary 403(b) deferrals, and the conditions attached to those exclusions
- changes from current law regarding contract-to-contract transfers
- plan freezes and terminations
- ERISA coverage issues
- when tax-exempt employers are treated as members of a "controlled group"; and more generally, what needs to be done and by when as a result of the regulations.